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PP RUEHFK RUEHKSO RUEHNH  
DE RUEHKO #3191/01 3231000

ZNY CCCCC ZZH  
P 181000Z NOV 08  
FM AMEMBASSY TOKYO  
TO RUEHC/SECSTATE WASHDC PRIORITY 8926  
INFO RUEHBJ/AMEMBASSY BEIJING 6472  
RUEHUL/AMEMBASSY SEOUL 2468  
RUEHFK/AMCONSUL FUKUOKA 1060  
RUEHNH/AMCONSUL NAHA 3419  
RUEHOK/AMCONSUL OSAKA KOBE 4848  
RUEHKSO/AMCONSUL SAPPORO 1629  
RUEHIN/AIT TAIPEI 7196  
RHHMUNA/HQ USPACOM HONOLULU HI  
RUHPSAA/COMMARFORPAC  
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RHOVVKG/COMSEVENTHFLT  
RUEKJCS/Joint STAFF WASHINGTON DC  
RUEKJCS/SECDEF WASHDC  
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RHMFSS/USFJ

C O N F I D E N T I A L SECTION 01 OF 03 TOKYO 003191

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DOD FOR OSD/APSA/SEDNEY, HILL, BASALLA  
PACOM FOR J3, J5, POLAD  
USFJ FOR J00, J01, J5

E.O. 12958: DECL: 11/19/2023  
TAGS: MARR PGOV PINR PREL JA CH  
SUBJECT: JAPAN VICE FOREIGN MINISTER ON APEC, GUAM,  
FNANCIAL SUMMIT AND CHINA

Classified By: Ambassador J. Thomas Schieffer. Reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: A bilateral summit with the President at APEC in Lima is critical to Prime Minister Aso's political and public standing, Vice Foreign Minister Yabunaka told the Ambassador during a wide-ranging November 18 meeting. VM Yabunaka thanked the United States for hosting the G-20 Financial Summit, where PM Aso was pleased Japan could play a constructive role. Turning to the movement of U.S. Marines in Okinawa to Guam, VM Yabunaka said the United States and Japan need to agree on the international agreement language by the beginning of December to allow Japan to proceed with its budgeting process. To this end, Japan hopes the U.S. response to Japan's proposed language will be &realistic and not overly full of comments and changes.<sup>8</sup> The Ambassador emphasized to the Vice Minister that negotiations are ongoing and must be conducted in one place and by one set of negotiators from each side. The Ambassador stressed that he would not be intervening. VM Yabunaka expressed concern over China's rise and stated that Japan would become even more reliant on the United States. Noting that China's growth is not inherently negative, the Ambassador said the Alliance with Japan will remain a U.S. interest but Japan also needs to actively and innovatively work to solve issues that arise in the U.S.-Japan relationship. End summary.

U.S.-Japan Bilateral Summit at APEC

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¶2. (C) A trilateral U.S.-Japan-ROK summit at the APEC meeting in Lima is important but should not substitute for a bilateral meeting between President Bush and Prime Minister Aso, Vice Minister for Foreign Affairs Mitoji Yabunaka told the Ambassador on November 18. Tokyo is troubled by the news coming out of Washington that a bilateral meeting cannot be scheduled. There are important issues on the U.S.-Japan Alliance and regional relations for the two leaders to discuss. More importantly, though, at this juncture in Japanese domestic politics the fact that a meeting between the President and Prime Minister Aso takes place, or does not, will send a clear message to the politicians and public in Japan. VM Yabunaka urged the United States to reconsider,

explaining that a bilateral meeting was crucial for PM Aso, who leaves on November 20 for Peru.

#### Guam Negotiations

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¶3. (C) VM Yabunaka said the U.S. and Japan need to reach a substantive agreement on an International Agreement (IA) by the beginning of December so Japan has a mechanism to fund its portion of moving U.S. Marines from Okinawa to Guam. From the beginning of December until December 23, Japan will engage in the budget compilation process and without the IA it will be difficult for the Ministry of Finance to authorize the funds for Guam. MOFA is looking forward to receiving a "realistic" U.S. response to Japan's proposed IA language but is concerned the United States will provide too many comments, making an agreement on the IA by the beginning of December unattainable. The value of the USD 2.8 billion that Japan promised to contribute for the Guam move is the most critical issue, VM Yabunaka stated, noting that Japan considers the amount a set, fixed figure that has already been reported to the Diet. Changing this amount will make the government vulnerable to those with different perspectives, VM Yabunaka said.

¶4. (C) The Ambassador emphasized to VM Yabunaka that current negotiations over the Guam portion of DPRI must be conducted in one place and by one set of negotiators from each side. The Ambassador said there should be &no misunderstanding<sup>8</sup> -- he would not be intervening in the on-going bilateral

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talks and has no interest in renegotiating a done deal. The question of Japan's USD 2.8 billion being in 2008 or other year dollars is still an outstanding issue in the negotiations. It is important for the negotiators to continue their work and reach an agreement that will put money into the project pipeline. Failing to do so will cause the project to lose momentum, endangering the whole force transformation arrangement. The Ambassador also reminded VM Yabunaka of the importance of Japan upholding its side of the bargain on keeping the funding for Guam separate from the Ministry of Defense budget, including Host Nation Support funds.

#### G-20 Financial Summit

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¶5. (C) VM Yabunaka expressed appreciation for Washington arranging the G-20 Summit and guiding the proceedings toward a positive outcome. Prime Minister Aso was particularly pleased that his points on the International Monetary Fund and the predominant role of the U.S. dollar were in the final document. The Government of Japan has appointed two Special Advisors to the Cabinet to act as special envoys for the Prime Minister on international financial affairs. One of them, former Vice Minister for Economic, Trade and Industrial Affairs Masakazu Toyoda, dual-hatted as the head of the Cabinet Secretariat's Space Strategy Development Headquarters, will travel to Southeast Asia with the Ambassador for ASEAN Yoshinori Katori to see how Japan can bolster those national economies before they are hit any harder by the financial crisis. The Ambassador thanked VM Yabunaka for Japan's positive role in making the financial summit a success.

#### China and the U.S.-Japan Relationship

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¶6. (C) Turning the conversation to China, VM Yabunaka stated that the world, and especially Japan, has an interest in the changes occurring in China. Japan needs access to China's markets, while avoiding direct competition and conflict. This is a challenge, however, as Japan and China differ in systems of government and values and are engaged in a contest for regional influence. Eventually China's economy will

surpass Japan's, VM Yabunaka said, leaving Japan even more reliant on its most important and fundamental international partner, the United States.

¶7. (C) The Ambassador suggested to the Vice Minister that China's growth means a larger market for U.S. and Japanese products and a reduction in the likelihood China will act belligerently. China's growth does not equate to the decline of the United States and Japan, and is not inherently a threat to the U.S.-Japan Alliance. A strong, healthy relationship with Japan has been and continues to be in the U.S. interest, the Ambassador told VM Yabunaka. The United States is not looking to bypass, overlook or ignore its ally Japan. President Bush and then-Prime Minister Koizumi had an extraordinary relationship and made great achievements in the bilateral relationship. Since PM Koizumi's departure the relationship became relatively more strained, even as the President and U.S. policies have not changed during that time. Japan needs to help itself in Washington by getting things done, especially by being innovative and creative in solving the difficult issues that are bound to arise, the Ambassador noted.

¶8. (C) VM Yabunaka said Japan needs to boost its self-image and global image. He offered that Japan should promote itself as a country that is the most environmentally friendly and environmentally efficient, that assists developing countries and stands for disarmament. It should also

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showcase its traditional and modern culture, as well as its ability to incorporate and synergize elements of different societies.

SCHIEFFER